

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below			
CASH FUNDS			See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB655 creates a Cash Balance Retirement Plan for first class city firefighters to be administered by the Public Employees Retirement Board. Currently, all first class city firefighters hired after 1984 are members of defined contribution plans administered by each first class city. All funds of the Plan are to be invested by the Nebraska Investment Council. Employee and employer contributions rates would remain the same as the rates for the current defined contribution plan. There are approximately 350 first class city firefighters.

The fiscal impact is estimated as follows:

Nebraska Public Employees Retirement Board (NPERS)

NPERS is estimating first year start-up cost \$240,350 from the General Fund for planning, development and implementation. Costs include an actuarial study; administrative expenses; and additional computer developer; contracting with Ameritas for bookkeeping, etc.

NPERS is estimating additional on-going cost of \$374,183 from the Cash Fund for three additional staff positions as well as operating costs.

Additional funding will be required for start-up costs from the General Fund for the first fiscal year. Some additional funding for staffing and operating will be required on an on-going basis.

Nebraska Investment Council

The Investment Council indicates that the initial workload can be absorbed with existing resources. The long-term impact would have to be re-evaluated once the Plan has been established.

State of Nebraska

The impact to the State cannot be determined. The entity responsible for a shortfall in the actuarially required contribution is not specified.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 655	AM:	AGENCY/POLT. SUB: Nebraska Investment Council	
REVIEWED BY: Gary Bush		DATE: 2/19/15	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of the impact to the agency.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 655	AM:	AGENCY/POLT. SUB: Neb. Public Employee Retirement Systems	
REVIEWED BY: Gary Bush		DATE: 2/2/15	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of the impact to the agency to implement and manage a new retirement system for firefighters of cities of the first class in the state. The need for additional positions would be dependent on how many members actually become part of a new plan. The agency assumptions appear to be reasonable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 655	AM:	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Gary Bush	DATE: 2/13/15	PHONE: 471-4161
COMMENTS: Concur.		

Please complete ALL (5) blanks in the first three lines.

2015

LB⁽¹⁾ 655

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Investment Council

Prepared by: ⁽³⁾ Michael Walden-Newman

Date Prepared: ⁽⁴⁾ 2/17/15

Phone: ⁽⁵⁾ 402-471-2001

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Explanation of Estimate:

For fiscal years 2015-2017, Council staff does not feel there is a fiscal impact to the agency. The initial workload required can be absorbed with existing resources. While there is a possible long-term fiscal impact from LB 655, it will depend upon the complexity of the program structure and growth of the assets within the program.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2015

LB⁽¹⁾ 655

FISCAL NOTE

State Agency OR Political Subdivision Name: (2)

Nebraska Public Employee Retirement Systems (NPERS)

Prepared by: (3) Randy Gerke

Date Prepared: (4) 1/30/2015

Phone: (5) (402) 471-9495

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	240,350			
CASH FUNDS			374,183	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	240,350		374,183	

Explanation of Estimate:

LB 655 creates a new cash balance plan for municipal firefighters in 1st Class Cities. The startup costs for this plan cannot come from any of the plans or cash funds that are currently under the administration of NPERS. Starting a new plan is a complex undertaking and will take a considerable amount of planning time in addition to the time that will be needed to implement the provisions for startup. There are potentially 30 new employers that will need to be added as reporting agents to our record keepers system. It is unknown how many of these municipalities will opt to join the plan or how many members this will include. It is difficult to estimate the costs to implement the provisions of this bill. Also, the implementation dates have not been specified. For fiscal note purposes, FY 2015-16 is considered the year for development and implementation, FY 2016-17 is considered as costs for ongoing operations.

An actuarial study will be needed before implementation with an estimated cost of \$15,000. This is a one-time cost however there will also need to be an actuarial valuation done each year after implementation that is estimated to be \$44,000.

Considerable time will be needed for planning, development and implementation of the startup for this plan. Included is a one-time cost of \$25,350 for these administrative purposes.

After implementation, additional staff will be needed for conducting the day to day operations. Included are the costs for (2) Retirement Specialists and (1) Training Specialist. An estimate of hiring rates and benefits would be \$144,796 annually. (Retirement Specialists-\$90,691, Training Specialist I-\$54,105).

NPERS would need more office space for these additional employees. NPERS is currently paying approximately \$1,929/employee annually for office space. For estimation purposes this number is used to estimate the cost of additional office space needed. 3 employees x \$1,929 for total additional rent \$5,787 per year. This additional rent would be an ongoing expense.

There would also be computers and office set up for each of the new employees which is estimated to be \$3,000 per employee (\$9,000). This would be a one-time cost.

The current computer developers have reached production capacity. To hire a developer with a sufficient level of experience and ability to effectively work on an application as complex as NPRIS, it will likely be necessary to hire a contractor. The estimated annual cost of hiring a contract resource ranges and is estimated to be \$171,000.

Handbooks, training and member education materials are estimated to be \$10,000 start-up and \$5,000 on going.

NPERS would use Ameritas as record keeper for this plan. Start-up costs for the provisions of this bill would be \$10,000 from Ameritas.

LB 655 provides for a change in the makeup of the Public Employees Retirement Board. It increases the membership by 1 member to 9 voting members. NPERS is requesting an increase of \$600 in PSL for program 042 to cover the cost of the increase in per diems paid to the additional Board member. There likely will be costs associated with education, travel and communication supplies for an additional Board member.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Retirement Specialist I		2		62,856
Training Specialist I		1		39,036
Benefits.....				42,904
Operating.....			240,350	229,387
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			240,350	374,183

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2015

LB⁽¹⁾ 655

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State Treasurer

Prepared by: ⁽³⁾ Jason Walters

Date Prepared: ⁽⁴⁾ January 29, 2015

Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2015

LB⁽¹⁾ 655

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Administrative Services

Prepared by: ⁽³⁾ Ann Martinez Date Prepared: ⁽⁴⁾ 01-27-2015 Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB655 adopts the Cities of the First Class Firefighters Cash Balance Retirement Act.

Those areas within the bill that may impact Administrative Services are - provides for the creation of funds and sub-funds, an employer education program including preretirement planning and a competitive, formal and sealed bidding process for actuarial services.

State Accounting, with current staff and resources, would be able to process the fund application(s) and the creation of any new funds in EnterpriseOne. Materiel – State Purchasing Bureau could provide assistance with the bidding process with current staff and resources. State Personnel’s existing expertise and training services are also available.

The bill as written has no fiscal impact on Administrative Services.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____